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September 26, 2001

BY HAND

Magalie Roman Salas, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Room TW-A325
Washington, D.C. 20554

RECEIVED

SEP 26 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: *Ex Parte Presentation*
In the Matter of Provision of Directory Listing Information Under the
Telecommunications Act of 1934, As Amended, CC Docket No. 99-273

Dear Ms. Salas:

On September 25, 2001, Dr. Klaus Harisch, Chairman and CEO of Telegate, Inc. and I met individually with Jordan Goldstein, Senior Legal Advisor to Commissioner Copps, Sam Feder, Interim Senior Legal Advisor to Commissioner Martin and Matthew Brill, Legal Advisor to Commissioner Abernathy. We also met with Jeffrey Carlisle, Diane Harmon, Gregory Cooke, Rodney McDonald, and Pam Slipakoff of the Common Carrier Bureau to discuss the above-referenced proceeding. On September 26, 2001, Dr. Harisch and I met with Kyle Dixon, Legal Advisor to Chairman Powell.

During the meeting, Dr. Harisch discussed the need for the Commission to promptly issue a Notice of Proposed Rulemaking to consider methods of promoting competition in the retail market for directory assistance services. A copy of the presentations used during these meetings is included with this submission, as well as a copy of a recent Ofel decision we distributed at these meetings.

Pursuant to section 1.1206(b)(1) of the Commission's rules, 47 C.F.R. §1.1206(b)(1), an original and one copy of this letter are being provided to you for inclusion in the public record of the above-referenced proceeding.

Sincerely,



Ruth Milkman

Enclosures

No. of Copies rec'd 0
List ABCDE

Ms. Magalie Roman Salas

September 26, 2001

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cc: Kyle Dixon (without enclosures)
Matt Brill (without enclosures)
Sam Feder (without enclosures)
Jordan Goldstein (without enclosures)
Jeffrey Carlisle (without enclosures)
Diane Harmon (without enclosures)
Gregory Cooke (without enclosures)
Rodney McDonald (without enclosures)
Pam Slipakoff (without enclosures)



Experience Using Uniform Codes to Promote Competition for Directory Assistance Services

**Presentation by Telegate, Inc.
September 2001**

Other Countries Have Used Uniform Codes to Introduce Competition for DA Services

- Germany, Ireland and other European countries have successfully launched competition for DA services by adopting new abbreviated dialing codes for DA providers based on a pan-european 118XY numbering scheme
 - Competition in the DA market has led to improved service, greater accuracy, innovative services, and economic growth
- The U.K. and Spain recently issued plans to move all DA providers, including the incumbents, to new uniform codes
- Norway is also considering a uniform code scheme similar to the German model

Germany Successfully Sparked Competition by Introducing Uniform Codes and Eliminating the Prior Default Code

- The German market was fully liberalized in 1999
- By 2000, 39 numbers had been assigned to 28 companies for national DA and 10 numbers were in service for international DA
- Telegate alone has captured 30% of the market from DT
- Consumers have benefited from competition in the type, quality and price of services
 - Introduction of call completion and foreign language services; increase in number of human operators and reduction in unanswered calls
 - The German regulator received no complaints about the withdrawal of the old DA default code in that country

In Germany, the Transition to Uniform Codes Was Structured to Minimize Disruption

- Germany was able to allocate numbers and implement new uniform codes within approximately nine months of the regulator's order
- Keeping both the new and old numbers operational for several months helped minimize customer confusion
 - For an initial period of several months, calls to the incumbent's default DA number triggered a message explaining the transition before the customer was connected to a DA provider
- Subsequently, calls to the discontinued default number triggered a message describing the new DA system and directing callers to dial a new number for DA services
 - DT provided voice announcements for 11 months after the old DA number was discontinued

The U.K. Recently Adopted a New System of Uniform Codes

- On September 19, 2001, Oftel issued a Statement adopting a plan to introduce a new 118 XY number range for DA services and to eliminate the existing default code (192)
- Oftel concluded that putting all DA providers “on an equal footing” would promote increased quality and lower prices while encouraging the introduction of “a wide range of innovative new services” for consumers

Oftel Decided to Withdraw 192 -- the UK Equivalent of 411

- According to Oftel, “the best way to deliver increased quality, choice and value” for DA services is to eliminate the existing default code (192) and replace it with a new system of uniform codes (118 XY)
 - Oftel concluded that retaining 192 code would place new DA providers at a “clear competitive disadvantage”
 - Oftel’s research found that 65% of consumers would be “either content or unconcerned” if 192 was withdrawn
 - Oftel believes the number would be even higher if consumers were aware of the potential range of benefits that increased competition will bring
- There will be a 12-month transition period during which 192 and the new codes will run in parallel



Directory Assistance Services: Promoting Competition in the Retail Market

**Presentation by Telegate, Inc.
September 2001**



Overview

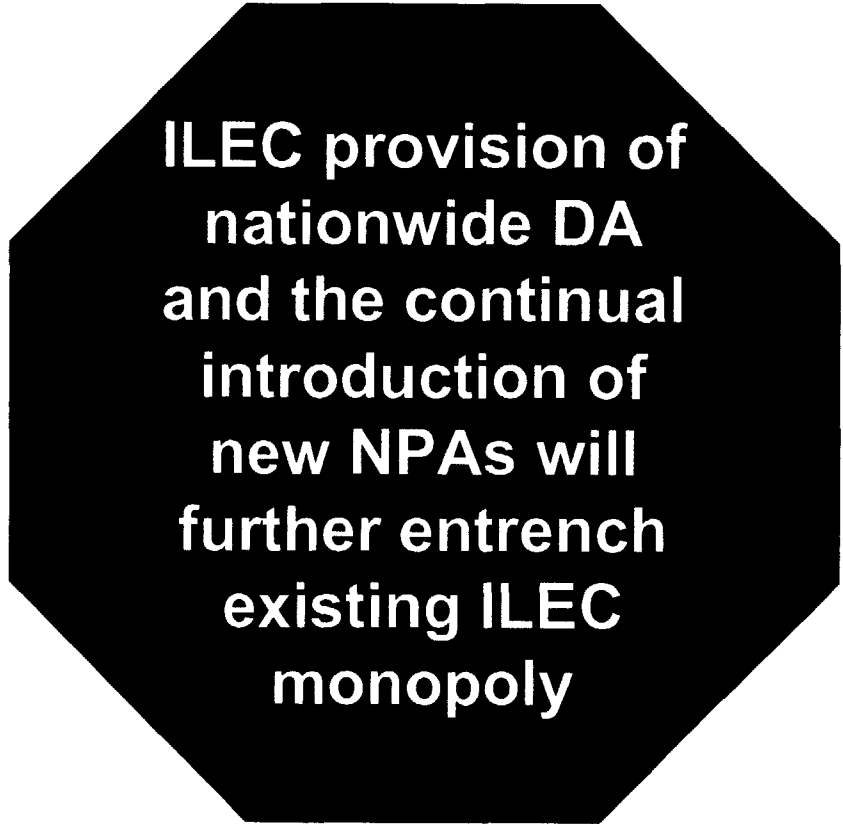
- Who is Telegate?
- Overview of the Retail Market
- Benefits of Competition
 - 411 Presubscription
 - Uniform Dialing Codes
- Experience of Other Countries

About Telegate Inc.

- Subsidiary of Telegate AG
 - Competitive provider of DA in Germany
 - Acquired 30% of the market in just 3 years
- Entry into US Market:
 - May 2000: Acquired nTelos' DA operations
 - Outsourcer to AT&T and others
 - Building a new call center in San Bernardino (CA) to provide bilingual DA

ILEC Monopoly Control Over 411 DA Has Led to Predictable Harms

- **Inaccurate Information**
 - Low accuracy rates result in misbillings of at least \$300M per year to customers
- **Poor Service Quality**
- **Reduced Innovation**
- **Unserved Communities (e.g. Spanish speakers)**



ILEC provision of nationwide DA and the continual introduction of new NPAs will further entrench existing ILEC monopoly

Consumers Would Reap Many Benefits From Increased Competition in DA Services

- **Better service** – Competition will create pressure for DA providers to improve accuracy and response times
- **More innovation** – New entrants are likely to introduce new value-added services, such as call completion, locator services, concierge services, etc.
- **Increased focus** on underserved markets – New competitors may focus on niche opportunities such as language-specific DA
 - While the ILECs provide limited language-specific services, surveys indicate that Spanish speaking consumers do not believe that these services are adequate to meet their needs

Competition Will Also Fuel Further Growth in an Already Sizeable Market

- Analysts estimate the value of the DA market in the U.S. today to be \$5-8 billion
- Demand for DA services will grow as competition brings greater accuracy, improved reliability and innovative services to the market

Two Approaches Likely To Create a Competitive Market for DA Services:

- **Presubscription** allows a customer to reach a pre-selected DA provider of its choice by dialing 411
- **Uniform Codes** allow customers to dial a unique number (e.g., 555-XXXX or Y411-XXX) to reach the DA provider of their choice

Benefits of 411 Presubscription

- 411 is the universally recognized dialing code for directory assistance
 - The FCC has recognized value of 411 to consumers
 - Despite visible, expensive marketing campaigns, dial-around DA services have been unable to successfully compete with ILEC 411 DA
- Experience in the long distance market shows that presubscription is an effective means of promoting competition

411 Presubscription Can Be Implemented Easily and With Minimal Expense

- Uses software that is already deployed in the vast majority of central office switches:
 - Advanced Intelligent Network software (AIN)
 - Signalling System 7 (SS7)
- Commission anticipated 411 Presubscription in *Local Competition Second Report and Order* (para. 42)

Benefits of Uniform Codes

- Maximize consumer control by enabling customers to choose a different DA provider and/or customized services for each call
- Allow customers to reach their preferred DA provider without requiring presubscription or dial-around services
- Reduce the competitive advantages enjoyed by incumbent providers by requiring all DA providers to adopt new numbers
- Free up scarce numbering resources
 - The 411 abbreviated dialing code is particularly valuable, because all other N11 codes are currently in widespread use

Experience Demonstrates that the Transition to Uniform Codes Can Be Structured to Minimize Consumer Disruption

- Based on Germany's implementation of uniform codes, approximately nine months should be required to allocate numbers and implement new uniform codes
- Customer confusion can be minimized during implementation by keeping both the new and old (411) numbers operational for several months
 - Customers would be educated about the new DA numbers through bill inserts and advertisements
 - For an initial period of several months, calls to the incumbent's old default DA numbers would trigger a message explaining the transition before the customer was connected to a DA provider
- Subsequently, calls to the discontinued default number would trigger a message describing the new DA system and directing callers to dial a new number for DA services
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- Oftel concluded that putting all DA providers “on an equal footing” would promote increased quality and lower prices while encouraging the introduction of “a wide range of innovative new services” for consumers
- Oftel concluded that the consumer benefits from withdrawing 192 -- the UK equivalent of 411 -- outweighed any initial confusion that might result

Conclusion

- The Commission should promptly issue a Notice of Proposed Rulemaking to consider methods for promoting competition for DA services
- The Commission should request comments on both 411 Presubscription and the use of Uniform Codes